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Paul Introduces Legislation to Abolish Withholding Taxes

"There are a lot of questions that people can raise about how the tax system in this country is structured, how the tax code is structured, but that's why we have a democracy. We have a Congress and everybody has the right to go talk to their congressman or senator about what they like and don't like about the tax code."

IRS Commissioner Charles Rossotti, commenting on small business owners challenging withholding tax rules, CBS 60 Minutes II, Tuesday April 3

Congressman Ron Paul agrees with the Commissioner- taxpayers do have a right to present their grievances to Congress. Paul also believes it is time for Congress to act on those grievances. Accordingly, he introduced legislation yesterday which would radically change the way income taxes are collected in this country. The "Cost of Government Awareness Act" (HR 1364) eliminates withholding tax laws, freeing employers from the burden of acting as unpaid tax collectors for the IRS. The Act restores to all Americans the right to collect their entire paycheck, determine their own tax liability, and pay their tax bill directly to the IRS. "Withholding taxes are inherently deceptive," Paul stated. "The government's premise is simple: the taxpayer won't miss the money he never gets. So taxes presumptively are taken directly from paychecks, often resulting in an interest-free loan by taxpayers to the Treasury. Some taxpayers even celebrate receiving a tax refund of their own money, which the Treasury kept for a year! The goal of withholding is to make taxpayers less aware of how much they really pay each month to fund our massive federal government. This deception has made it much easier for Congress to increase taxes steadily over the past sixty years. I want taxpayers to keep all of their paychecks, and pay for government each month with their mortgage and other bills. Then Americans will see just how much of their income goes to taxes, and hopefully they will demand real spending and tax reform." "Furthermore, the withholding rules force private employers to act as unpaid IRS collection agents," Paul continued. "No employer should be forced to determine, let alone collect, the federal tax liabilities of its individual employees. The Indianapolis Baptist Temple tragedy shows what happens when employers refuse to be IRS slaves- they have their assets seized. The Temple's employees paid their taxes in full as individuals, but the IRS was not about to allow its rules to be flouted. American businesses spend millions and waste countless hours complying with the withholding laws. Congress must act now to end the withholding slavery imposed on our nation's employers."

